



Entered on Docket
March 31, 2009

A handwritten signature in black ink, appearing to read "Riegle".

Hon. Linda B. Riegle
United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA

* * * * *

In re)	Case No. BK-S-07-13593-LBR
LONNIE & LISA HAWKINS,)	Chapter 7
Debtor(s).)	
)	DATE: August 19, 2008
)	TIME: 3:30 p.m.

MEMORANDUM OPINION

Mortgage Electronic Recording Systems, Inc. ("MERS") through various counsel has filed a number of motions to lift stay.¹ Some of the motions were filed in the name of MERS, while others have been filed in the name of MERS as the nominee for another entity. An order for joint briefing was entered because the substantially same issues were presented in the motions, and a joint hearing was held. *Mitchell* (#07-16226) has been designated as the lead case.² The trustee or counsel for the debtor in these cases has opposed the lift-stay motions on the

¹Motions have been filed in the following cases: #07-16226, #07-016333, #07-16645, #07-17577, #07-18851, #08-10427, 08-11007, #08-11860, #07-13593, #08-10108, #08-10778, #08-12255, #07-17468, #08-11245, #08-11608, #08-11668, #08-11725, #08-11819, #08-12206, #08-12242, #08-12317, #08-12319, #08-10052, #08-10072, #08-10718, #08-11499, #07-16519. Each of the judges will enter their own orders in the matters that are assigned to them.

²The docket numbers mentioned in this opinion are to the *Mitchell* case unless otherwise noted.

grounds of standing and that MERS is not the real party in interest.

The initial response filed by MERS contained no evidentiary support. Rather it described the role of MERS and its members by relying on law review articles and the recitation of facts in other cases in other districts involving MERS. Prior to the initial argument, MERS attempted to withdraw the motions filed in all but four of the cases. MERS then filed a declaration at the court's direction explaining why the motions were withdrawn. The declaration of William Hultman was filed in *Dart*.³ The declaration, in addition to explaining MERS' rationale for withdrawing the motions, also attached as exhibits copies of the MERS Membership Application, the MERSCorp. Inc. Rules of Membership, the MERS Procedural Manual, and the MERS Terms and Conditions of Membership.⁴ The court also requested appropriate evidentiary support for the allegations concerning the relationship between MERS and the entities for whom the motions were brought. A supplemental declaration was filed in *Michell*, the lead case.⁵

13 As noted, MERS has attempted to withdraw all but four of its original motions, leaving
14 only *Dart* (#08-11007), *Hawkins* (#07-13593), *Ramirez-Furiati* (#08-10427), and *Zeigler* (#08-
15 10718). MERS admits that it failed to follow its own procedures in the motions it wants to
16 withdraw.⁶ The debtor, the chapter 13 trustee, and MERS subsequently stipulated to a lift of stay
17 in *Ramirez-Furiati* which the court approved with the acknowledgment that the order contained
18 no finding about MERS' standing.⁷ This court will discuss the issues raised in the motions that

³Dart (#08-11007).

⁴Docket #47 in *Dart*.

⁵Docket #74 in *Mitchell* (“Huntman Declaration”). The Declaration also incorporated the prior declaration filed by Mr. Hultman in *Dart*. References in this memorandum to the declaration filed in *Mitchell* include the incorporated declaration and the exhibits thereto.

25 "Docket #74, Declaration of William Hultman ("Hultman Declaration"), Exhibit 1, pp. 4-
26 5. "The fact that MERS chose to not go forward on these . . . motions was not a determination by
27 MERS that it does not have standing to move for relief from stay." Exhibit D to that Declaration
sets forth the name of the motions withdrawn and the reason for withdrawal.

28 || ⁷Docket #54 in #08-10427.

1 MERS attempts to withdraw,⁸ and by this order issues its ruling in *Dart* and *Hawkins*, which are
 2 the two cases that are now pending before it.⁹

3 The court has advised the parties that it would consider any information contained on the
 4 MERS website at <http://www.mersinc.org/> unless an objection was made. No objection has been
 5 filed by either party. The court thus takes judicial notice of the contents of the MERS website.

6 ***WHAT IS MERS?***

7 MERS is a national electronic registration and tracking system that tracks the
 8 beneficial ownership interests and servicing rights in mortgage loans.¹⁰ The MERS website says
 9 this:

10 MERS is an innovative process that simplifies the
 11 way mortgage ownership and servicing rights are
 12 originated, sold and tracked. Created by the real
 13 estate finance industry, MERS eliminates the need
 14 to prepare and record assignments when trading
 15 residential and commercial mortgage loans.

16 William Hultman, Secretary of MERS, has testified in his Declaration that loans are
 17 registered to a “MERS Member” who has entered into the MERS Membership Agreement.
 18 MERS Members enter into a contract with MERSCORP to electronically register and track
 19 beneficial ownership interests and servicing rights in MERS registered mortgage loans.¹¹ MERS
 20 Members agree to appoint MERS, which MERSCORP wholly owns, to act as their common
 21 agent, or nominee, and to name MERS as the lienholder of record in a nominee capacity on all

22 ⁸FED. R. BANKR. P. 9014 makes FED. R. BANKR. P. 7041 applicable to contested matters,
 23 which includes lift stay motions, and FED. R. BANKR. P. 7041 incorporates FED. R. CIV. P. 41.
 24 Under these rules, a party can voluntarily dismiss a lift-stay motion without a court order only if
 25 there is a stipulation to dismiss or the dismissal is filed *before* an opposition is filed, and neither
 26 is true here.

27 ⁹Some cases were added to the argument calendar after the April 29, 2008 joint hearing
 28 order. Separate orders will be entered in each of those cases, which counsel agreed to continue
 29 pending a ruling in the “test case.” *See Transcript* (Docket # 83) pp. 9 and 76.

30 ¹⁰MERS Response, Docket # 49, p. 3.

31 ¹¹“MERS Members” are mortgage lenders and other entities. (“Membership in MERS
 32 Overview,” filed with Hultman Declaration, Docket #74.)

1 recorded security instruments relating to the loans registered on the MERS System. When a
 2 promissory note is sold by the original lender to others, the various sales of the notes are tracked
 3 on the MERS System.¹²

4 Hultman goes on to say in his Declaration that once MERS becomes the beneficiary of
 5 record as nominee, it remains the beneficiary when the beneficial ownership interests in the
 6 promissory note or servicing rights are transferred by one MERS Member to another and that it
 7 tracks the transfers electronically on the MERS System. So long as the sale of the note involves a
 8 member of MERS, MERS remains the beneficiary of record on the deed of trust and continues to
 9 act as nominee for the new beneficial owner.¹³

10 ***STANDING***

11 MERS must have both constitutional and prudential standing,¹⁴ and be the real party in
 12 interest under FED. R. CIV. P. 17,¹⁵ in order to be entitled to lift-stay relief.

13 Constitutional standing under Article III requires, at a minimum, that a party must have
 14 suffered some actual or threatened injury as a result of the defendant's conduct, that the injury be
 15 traced to the challenged action, and that it is likely to be redressed by a favorable decision. *Valley*
 16 *Forge Christian Coll. v. Am. United for Separation of Church and State*, 454 U.S. 464, 472
 17 (1982)(citations and internal quotations omitted).

18 Beyond the Article III requirements of injury in fact, causation, and redressibility, MERS
 19 must also have prudential standing, which is judicially-created set of principles that places limits
 20 on the class of persons who may invoke the courts' powers. See *Warth v. Seldin*, 422 U.S. 490,

22 ¹²Docket #74, Hultman Declaration at ¶ 3.

23 ¹³Docket # 74, Hultman Declaration at ¶ 4.

24 ¹⁴The standing doctrine "involves both constitutional limitations on federal-court
 25 jurisdiction and prudential limitations on its exercise." *Kowalski v. Tesmer*, 543 U.S. 125, 128-29
 26 (2004) (quoting *Warth v. Seldin*, 422 U.S. 490, 498 (1975)).

27 ¹⁵Stay-relief requests are governed by FED. R. BANKR. P. 4001(a)(1), to which FED. R.
 28 BANKR. P. 9014 is applicable. Rule 9014, in turn, incorporates Rule 7017, which makes FED. R.
 CIV. P. 17 applicable ("[a]n action must be prosecuted in the name of the real party in interest.").

1 499 (1975). As a prudential matter, a plaintiff must assert “his own legal interests as the real
 2 party in interest,” *Dunmore v. United States*, 358 F.3d 1107, 1112 (9th Cir. 2004), as found in
 3 FED. R. CIV. P. 17, which provides “[a]n action must be prosecuted in the name of the real party
 4 in interest.”

5 MERS’ primary contention is that it has standing by virtue of the fact that it was
 6 named as the beneficiary under the deeds of trust and that the trustor (the maker of the note)
 7 recognized MERS could take actions of the beneficiary or that it is the nominee of the
 8 beneficiary. “In non-judicial foreclosure states, [MERS] must at least be the record beneficiary
 9 under the Deed of Trust, with the powers expressly set forth therein, including the power of
 10 foreclosure; in addition, as noted, it *may* become the holder on the note under some
 11 circumstances. This procedure fully establishes standing under this court’s rules and Nevada
 12 law.”¹⁶ MERS argues in its supplemental brief: “It would be reasonable to hold that a motion that
 13 pleads MERS is the of-record beneficiary on the deed of trust is *prima facie* evidence of standing
 14 to move for relief from stay and contains an implied certification that MERS is able to discharge
 15 the responsibilities of a movant.”¹⁷ MERS states that the issue of standing focuses on who can
 16 foreclose and that MERS can foreclose on the properties as a “person authorized to make the sale
 17 under the terms of the trust deed.”¹⁸ (*See also*, Transcript, Docket # 83, pp. 14-15.)

18 MERS also argues that it has standing which follows principles set forth in the Uniform
 19 Commercial Code that entitle a nominee holder of an instrument to sue to enforce the
 20 instrument.¹⁹ It is unclear whether MERS is arguing that it has standing in its own right, or as the
 21 agent of the entity entitled to enforce the note, or both. Compare the following arguments, all
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23
 24 ¹⁶MERS’ Response, Docket #49, p. 9 (emphasis added).

25 ¹⁷Supplemental Brief of MERS, Docket # 73, p. 10.

26 ¹⁸Docket #49, p. 10. However, it is not the beneficiary that is authorized to make the sale
 27 under the trust deed, it is the trustee.

28 ¹⁹Docket #49, p. 10.

1 made in the same supplemental brief.²⁰ MERS argues at page 9 of the brief that “this evidence
 2 demonstrates MERS right to enforce the note as the note’s ‘holder.’”²¹ In the same brief, at page
 3 8, it argues “[t]his evidence further demonstrates MERS authority **to act for** the current beneficial
 4 owner of the loan or its servicer.”²² And at page 1 of the brief MERS argues this: “In the motions
 5 at issue, MERS is the agent of the original lender and its successors and assigns for defined
 6 purposes (such a relationship is termed a ‘nominee.’).”²³

7 ***STANDING AS THE NAMED BENEFICIARY OR
 THE NOMINEE OF THE BENEFICIARY OR ITS ASSIGNEE***

8 MERS does not have standing merely because it is the alleged beneficiary under the
 9 deed of trust. It is not a beneficiary and, in any event, the mere fact that an entity is a named
 10 beneficiary of a deed of trust is insufficient to enforce the obligation.

11 The deed of trust attempts to name MERS as both a beneficiary and a nominee. The
 12 document first says this:

13 MERS is a separate corporation that is acting solely as a nominee
 14 for Lender and Lender’s successors and assigns. MERS is the
 15 beneficiary under this Security Instrument.²⁴

16 And later it says this:

17 The beneficiary of this Security Instrument is MERS (solely as
 18 nominees for Lender and Lenders successors and assigns) and the
 19 successors and assigns of MERS.²⁵

21 ²⁰Docket #73.

22 ²¹Docket #73, p. 9.

23 ²²Docket # 73, p. 8. (Emphasis added.)

24 ²³Docket #73, p. 1.

25 ²⁴*In re Mitchell*, #07-16226, Motion to Lift Stay (Docket # 30), Exhibit B, p. 2, Subpart
 26 (E).

27 ²⁵*In re Mitchell*, #07-16226, Motion to Lift Stay (Docket # 30), Exhibit B, p. 3.

1 MERS' "Terms and Conditions"²⁶ identifies MERS' interests. The Terms and Conditions
 2 say this:

3 ***MERS shall serve as mortgagee of record with respect to all such
 4 mortgage loans solely as a nominee, in an administrative
 5 capacity, for the beneficial owner or owners thereof from time to
 6 time. MERS shall have no rights whatsoever to any payments
 7 made on account of such mortgage loans, to any servicing rights
 8 related to such mortgage loans, or to any mortgaged properties
 9 securing such mortgage loans.*** MERS agrees not to assert any
 rights (other than rights specified in the Governing Documents)
 with respect to such mortgage loans or mortgaged properties.
 References herein to "mortgage(s)" and "mortgagee of record"
 shall include deed(s) of trust and beneficiary under a deed of trust
 and any other form of security instrument under applicable state
 law.

10 (Emphasis added.)

11 A "beneficiary" is defined as "one designated to benefit from an appointment,
 12 disposition, or assignment . . . or to receive something as a result of a legal arrangement or
 13 instrument." BLACK'S LAW DICTIONARY 165 (8th ed. 2004). But it is obvious from the MERS'
 14 "Terms and Conditions" that MERS is not a beneficiary as it has no rights whatsoever to any
 15 payments, to any servicing rights, or to any of the properties secured by the loans. To reverse an
 16 old adage, if it doesn't walk like a duck, talk like a duck, and quack like a duck, then it's not a
 17 duck.²⁷

18 But more importantly, even if MERS is the nominee of the beneficiary, or the motion was
 19 brought by the beneficiary, that mere allegation is not sufficient to confer standing.

20 Under Nevada law a negotiable promissory note²⁸ is enforceable by: (1) the holder²⁹ of the

22 ²⁶"MERS Terms and Conditions" filed in *Dart* (#08-11007) at ¶ 2, Docket #47-7.
 23 (Emphasis added.)

24 ²⁷The court is aware of at least one case in this district, *Elias v. Homeeq Serv.*, 2009 WL
 25 481270 (D. Nev. 2009)(slip copy), in which MERS has been found to have standing to foreclose
 26 as a nominee beneficiary of a deed of trust. While the court in *Elias* found the deeds of trust,
 notices of foreclosure, and the trustee's deed upon sale established MERS' standing, there is
 nothing in the opinion to suggest that MERS lacked possession of the notes.

27 ²⁸The court assumes, without deciding, that the notes in question are negotiable
 28 instruments. If they aren't, then custom and practice will treat them as if they are. For example,

1 note, or (2) a nonholder in possession of the note who has the rights of a holder.³⁰ Thus if MERS
 2 is not the holder of the note, then to enforce it MERS must be a transferee in possession who is
 3 entitled to the rights of a holder or have authority under state law to act for the holder. Simply
 4 being a beneficiary or having an assignment of a deed of trust is not enough to be entitled to
 5 foreclose on a deed of trust. For there to be a valid assignment for purposes of foreclosure both
 6 the note and the deed of trust must be assigned. A mortgage loan consists of a promissory note
 7 and a security instrument, typically a mortgage or a deed of trust.³¹ When the note is split from
 8 the deed of trust, “the note becomes, as a practical matter, unsecured.” RESTATEMENT (THIRD) OF
 9 PROPERTY (MORTGAGES) § 5.4 cmt. a (1997). A person holding only a note lacks the power to
 10 foreclose because it lacks the security, and a person holding only a deed of trust suffers no
 11 default because only the holder of the note is entitled to payment on it. *See* RESTATEMENT
 12 (THIRD) OF PROPERTY (MORTGAGES) § 5.4 cmt. e (1997). “Where the mortgagee has
 13 ‘transferred’ only the mortgage, the transaction is a nullity and his ‘assignee,’ having received no
 14 interest in the underlying debt or obligation, has a worthless piece of paper.” 4 RICHARD R.
 15 POWELL, POWELL ON REAL PROPERTY, § 37.27[2] (2000).

16 Given this, it is troubling that MERS apparently believes that in states such as Nevada
 17

18 under N.R.S. § 104.9012(tt), Nevada’s Article 9, an “instrument” is defined as a negotiable
 19 instrument, “or any other writing that evidences a right to the payment of a monetary
 20 obligation . . . and is of a type that in ordinary course of business is transferred by delivery with
 21 any necessary endorsement or assignment.” “Instruments” are thus defined somewhat broadly
 22 according to ordinary business practices.

23 ²⁹A “holder” is the person in possession of a negotiable instrument that is payable either
 24 to a bearer or to an identified person who has possession. N.R.S. § 104.1201(u)

25 ³⁰N.R.S. § 104.3301. A negotiable promissory is also enforceable under N.R.S.
 26 § 104.3301(c) by a nonholder of a note that has been stolen, destroyed, or paid by mistake. There
 27 has been no allegation in this case making this provision relevant here.

28 ³¹Nevada recognizes that parties may secure the performance of an obligation or the
 29 payment of a debt by means of a deed of trust. N.R.S. § 107.020. The maker of the note is the
 30 trustor and the payee is the beneficiary.

1 possession of the note is not required if no deficiency is sought.³² Hultman says this in his
 2 declaration:

3 In non-judicial foreclosure states, if the Member chooses to have
 4 MERS foreclose under the power of sale provision in the security
 5 instrument and is not seeking a deficiency judgment, then the note
 6 does not need to be in the possession of the Member's MERS
 7 Certifying Officer when commencing the foreclosure action;
 8 provided, however, that under no circumstances may the Member
 9 allege that the note is in MERS possession and seek enforcement
 10 of the note unless MERS actually possesses the note.³³

11 This distinction between judicial and non-judicial foreclosure states, or deficiency and
 12 non-deficiency ones, is one which MERS has designed out of whole cloth. In order to foreclose,
 13 MERS must establish there has been a sufficient transfer of both the note and deed of trust, or
 14 that it has authority under state law to act for the note's holder. *See RESTATEMENT (THIRD) OF
 15 PROPERTY (MORTGAGES) § 5.4 cmt. c (1997). See also, In re Vargas, 396 B.R. 511, 516-17
 16 (Bankr. C.D. Calif. 2008).*

17 ***DOES MERS HAVE STANDING AS THE AGENT OF
 18 THE MEMBER OR IN ITS OWN RIGHT?***

19 The mere statement that the movant is a member of MERS does nothing but lay the
 20 groundwork for agency. In order to enforce rights as the agent of the holder, MERS must
 21 establish that its principal is entitled to enforce the note. Motions brought by MERS as nominee
 22 could meet the threshold test of standing, and MERS might be the "real party in interest" under
 23 FED. R. CIV. P. 17, if MERS is the actual nominee of the present Member who is entitled to
 24 enforce the note. Under Rule 17 a party in interest is any party to whom the relevant substantive
 25 law grants a cause of action. *U-Haul Int'l, Inc. v. Jartran, Inc.*, 793 F.2d 1034, 1038 (9th Cir.
 26 1986). Counsel for MERS acknowledged during oral argument that MERS is the agent for its
 27

28 ³²Despite MERS' contention that the mere status as a beneficiary or nominee of a
 29 beneficiary is sufficient, MERS has tried to withdraw most of its motions because it could not
 30 ascertain that its Member had possession of the note when the motion was filed. *See Hultman
 31 Declaration at p. 4, Docket #74; Docket #49 at p.11; and Docket #47, Exhibit D in Dart).*

32 ³³Hultman Declaration, Docket #74, ¶ 4.

members only.³⁴ If a note has been transferred to a non-member, then MERS cannot act as the agent. One cannot assume that just because MERS was named as the initial nominee in the deed of trust that it still retains that relationship with the holder of the note. Moreover, by virtue of the fact that some of the motions were filed even after the note was transferred out of the MERS system, it is apparent that MERS has not tracked (or been appropriately advised of) the assignment of the note to a non-member. For example in *Moore*,³⁵ MERS brought a motion to lift-stay in February 2008 as nominee for Quick Loan Funding.³⁶ Later, in July 2008, an amended lift-stay motion was brought by GRP Loan in *Moore*.³⁷ Exhibit C to the amended motion shows that an assignment of the deed of trust was made from MERS to GRP on February 27, 2007, which pre-dates MERS' lift-stay motion.³⁸ Similarly, in *Mercado*,³⁹ a matter which was added to the argument calendar after the order for joint briefing,⁴⁰ MERS brought a motion to lift-stay as nominee for MILA.⁴¹ However, as seen in a later stipulation to sell the property,⁴² Homecomings Financial Network was the entity who was entitled to enforce the note.

In the remaining cases, MERS has attempted to establish its standing through the affidavits of "Certifying Officials." Under the Membership Agreement, MERS provides Members a corporate resolution designating one or more employees of the Member a MERS Certifying Officer. This resolution, among other things, appoints the individual as an assistant

³⁴See also, Docket #74, Hultman Declaration at ¶ 4.

³⁵*Moore* (#07-16333).

³⁶Docket #37 in *Moore*.

³⁷Docket #59 in *Moore*.

³⁸Docket #59, Exhibit C.

³⁹#07-17690.

⁴⁰Docket #44 in *Mercado*.

⁴¹Docket #28 in *Mercado*.

⁴²Docket # 50, Exhibit 1 in *Mercado*.

1 secretary and vice president of MERS. They are given the power to “take any and all actions and
2 execute all documents necessary to protect the interest of the Member, the beneficial owner of
3 such mortgage loan, or MERS in any bankruptcy proceeding regarding a loan registered on the
4 MERS System that is shown to be registered to the Member.⁴³ There appears to be absolutely no
5 requirement that these Certifying Officers have any knowledge of the loan in question. From the
6 MERS website it appears that the “Certifying Official” (the person who works for the holder of
7 the note) is not an employee of the servicer either.⁴⁴

In *Hawkins* the motion was brought by MERS “solely as nominee for Fremont Investment & Loan, its successors and/or assigns.”⁴⁵ However, in his affidavit at ¶ 6, Victor Parisi⁴⁶ states that the beneficial ownership interest in the *Hawkins* note was sold by Fremont Investment & Loan and ownership was transferred by endorsement and delivery. While the affidavit goes on to say that MERS was a holder at the time the motion was filed, it is obvious that MERS has no rights to bring the motion as nominee of Fremont given that Fremont no longer had any interest in the note.

15 Similarly, in *Ziegler*⁴⁷ the motion was brought by MERS “solely as nominee for Meridias
16 Capital, Inc., its successors and/or assigns.”⁴⁸ Yet the affidavit of Stacey Kranz at ¶ 6 states that
17 “the beneficial ownership interest in the Zeigler Note was sold by Meridias and ownership was
18 transferred by endorsement and delivery. The Zeigler Note was subsequently endorsed in

⁴³Form Corporate Resolution, attached to Exhibit C to the Hultman Declaration, filed in *Dart*, #08-11007.

⁴⁴The website says that “[a]fter your mortgage loan closed, your lender more than likely outsourced the job of managing your loan to another company called a SERVICER. This is the company you call when you have questions about your loan.”

⁴⁵Docket #28 in #07-13593.

⁴⁶Docket #49, Exhibit C, and Docket #56, Exhibit A in *Mitchell*.

27 47#08-10718.

28 || ⁴⁸#08-10718 Docket #21

1 blank.”⁴⁹ An additional affidavit was filed by German Florez, the president of Meridias, who
 2 disavowed “any interest in the Note and Deed of Trust regarding the Subject Property.”⁵⁰

3 A slightly different defect exists *Dart*. That motion was brought by MERS “solely as
 4 nominee for Centralbanc Mortgage, its successors and/or assigns.”⁵¹ However, Ms. Mech, as
 5 Certifying Officer, testifies that the note is held by Bank of America, who is listed as the current
 6 servicer, and who “had (or has) physical possession of the note in its files.”⁵² In a previous
 7 affidavit, Ms. Mech testified that “the beneficial ownership interest in the Dart Note was sold by
 8 Centralbanc and ownership was transferred by endorsement and delivery. The Dart Note was
 9 subsequently endorsed in blank.”⁵³

10 So while in each of these cases MERS may really be contending that it is entitled to
 11 enforce the note in its own right through possession, or as the nominee of the transferee, the
 12 motion was brought instead as nominee of an entity that no longer has any ownership interest in
 13 the note.

14 Additionally, each motion has been brought in the name of the lender and “its successors
 15 and/or assigns.” Under FED. R. CIV. P. 17 an action must be prosecuted in the name of the real
 16 party in interest. “As a general rule, a person who is an attorney-in-fact or an agent solely for the
 17 purpose of bringing suit is viewed as a nominal rather than a real party in interest and will be
 18 required to litigate in the name of his principal rather than in his own name.” 6A CHARLES ALAN
 19 WRIGHT & ARTHUR R. MILLER, FEDERAL PRACTICE AND PROCEDURE §1553 (2d ed. 1990). An
 20 agent with ownership interest in the subject matter of the suit is a real party in interest. *Id.* There
 21 is no evidence, however, of an agency relationship here or that MERS has any ownership interest

23 ⁴⁹Docket #56, Exhibit C-1 in *Mitchell*.

24 ⁵⁰Docket #56, Exhibit C-3 in *Mitchell*.

25 ⁵¹Docket #25 in *Dart* (#08-11007).

26 ⁵²Docket #81-1 at ¶ 4 in *Mitchell*.

27 ⁵³Docket #49-1 at ¶ 6 in *Mitchell*.

1 making it the real party in interest under Rule 17.

2 ***OTHER EVIDENCE PROBLEMS***

3 Even if the defects were ones of pure pleading,⁵⁴ the testimony in these cases is neither
4 competent nor admissible. Each of the affiants in the remaining cases testify as follows:

5 I have been appointed as Assistant Secretary of Mortgage
6 Electronic Registration Systems., Inc. (“MERS”) under a
7 Corporate Resolution that was executed on [date]. I make this
8 affidavit in support of Movant. I have reviewed the loan file
9 relating to the above-referenced matter, and if called upon to testify
10 as to the facts set forth in this Affidavit, I could and would testify
11 competently based upon my review.

12 The affiant then purports to set forth the history of the negotiation and transfer of the note
13 and who now has possession.⁵⁵

14 First, this testimony is not admissible because there is no evidence that the affiants are
15 competent witnesses. The Federal Rules of Evidence apply in bankruptcy⁵⁶ yet there is no
16 evidence that these Certifying Officers have adequate personal knowledge of the facts under FED.
17 R. EVID. 602 (“A witness may not testify to a matter unless evidence is introduced sufficient to
18 support a finding that the witness has personal knowledge of the matter.”).⁵⁷

19 ⁵⁴For example, Mr. Hultman has stated that a number of motions were withdrawn because
20 they identified MERS as the payee under the note. Hultman Declaration, Docket #74 in *Mitchell*.

21 ⁵⁵For example Ms. Mech testifies in her affidavit (Docket # 81-1) that at the time MERS
22 filed the motion to lift stay in *Dart*:

23 Bank or America, who is listed as the current servicer on the Dart
24 (MIN: 100233602006080675) loan registered on the MERS System,
25 had (and has) physical possession of the original notes in its files.
26 MERS in turn has possession of those documents through a
27 MERS Certifying Officer who is an employee of the member
28 listed as servicer on the MERS System.

29 ⁵⁶FED. R. BANKR. P. 9017.

30 ⁵⁷Stacey Kranz, “an Assistant Secretary of [MERS] under a Corporate Resolution”
31 testifies in *Zeigler* (#08-10718) that “MERS was in physical possession of the Zeigler Note at the
32 time MERS filed the motion”(Docket #73 in *Zeigler* #08-10718). Mr. Victor Parsi, similarly
33 appointed, testifies in *Hawkins* that “MERS was a holder of the Hawkins Note at the time the

1 Ms. Mech's bald assertion that she has "reviewed the loan file" is inadequate to show that
 2 she is personally knowledgeable of the facts. Neither are the purported notes and deeds
 3 admissible. For business records to be admissible as an exception from the hearsay rule under
 4 FED. R. EVID. 803(6) there must be a showing that the records were:

- 5 (1) made at or near the time by, or from information transmitted by, a person with
 knowledge;
- 6 (2) made pursuant to a regular practice of the business activity;
- 7 (3) kept in the course of regularly conducted business activity; and
- (4) the source, method, or circumstances of preparation must not indicate lack of
 trustworthiness.

8 These elements must be established either by the testimony of the custodian or other
 9 qualified witness or must meet certification requirements. *See In re Vee Vinhnee*, 336 B.R. 437,
 10 444 (B.A.P. 9th Cir. 2005).

11 ***CONCLUSION***

12 The lift-stay motions in *Dart* and *Hawkins* are denied. MERS may not enforce the
 13 notes as the alleged beneficiary. While MERS may have standing to prosecute the motion in the
 14 name of its Member as a nominee, there is no evidence that the named nominee is entitled to
 15 enforce the note or that MERS is the agent of the note's holder. Indeed, the evidence is to the
 16 contrary, the note has been sold, and the named nominee no longer has any interest in the note.

17 **IT IS SO ORDERED.**

19 Copies noticed through ECF to:

20 LAURA FRITZ
 21 THOMAS HOLTHUS
 22 EDDIE JIMINEZ
 23 RICK YARNALL
 24 GREGORY L. WILDE

25 Copies noticed through BNC to:

26 LONNIE AND LISA EARL HAWKINS
 27 2919 ARIES CIRCLE ROAD
 LAS VEGAS, NV 89115

28 Motion for Relief was filed in MERS name. . . ." (Docket #56-2 filed in *Mitchell*.)